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Joint Inspection Unit

Report of the Joint Inspection Unit entitled "Common and joint services of United Nations system organizations at Vienna"

Note by the Secretary-General

Addendum

The Secretary-General has the honour to transmit, for the consideration of the members of the General Assembly, his comments and those of the United Nations System Chief Executives Board for Coordination on the report of the Joint Inspection Unit entitled "Common and joint services of United Nations system organizations at Vienna" (JIU/REP/2002/12 and Corr.1) (A/58/258).

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Comments of the Secretary-General and those of the United Nations System Chief Executives Board for Coordination on the report of the Joint Inspection Unit entitled "Common and joint services of United Nations system organizations at Vienna" (JIU/REP/2002/12 and Corr.1) (A/58/258)

Summary

The comments of the Secretary-General and those of the members of the United Nations System Chief Executives Board for Coordination concerned, on the findings and recommendations of the Joint Inspection Unit (JIU) contained in its report entitled "Common and joint services of United Nations system organizations at Vienna", are being transmitted to the General Assembly pursuant to article 11, paragraph 4 (d), of the JIU statute (Assembly resolution 31/192, annex). The comments cover a wide range of issues raised by the Unit regarding the management of common services at Vienna and provide information on the JIU proposal for an examination and review of the existing cost-sharing mechanisms among the Vienna-based organizations.

I. Introductory remarks

1. The report of the Joint Inspection Unit (JIU) entitled "Common and joint services of United Nations system organizations at Vienna" (JIU/REP/2002/12 and Corr.1) (A/58/258) is part of a series of JIU reports on the operation and development of common administrative services by organizations of the United Nations system located at the same duty station. It is a follow-up to the earlier JIU report on common services of United Nations organizations at Vienna (JIU/REP/10) (A/39/520).

2. The JIU report examines the extent and quality of common services arrangements of all the United Nations system organizations based at the Vienna International Centre (VIC), namely, the United Nations Office at Vienna (UNOV), the Office for Drug Control and Crime Prevention, the International Atomic Energy Agency (IAEA), the United Nations Industrial Development Organization (UNIDO) and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO). The recommendations contained in the report provide a basis for the various Vienna International Centre-based entities, and their management as well as their governing bodies to focus on the issue of opportunity costs incurred by common services and to advocate the establishment of an accountability framework for achieving cost-efficiency in administrative areas. The report highlights the need for appropriate follow-through by each entity in terms of consultation with their respective governing bodies and the exercise of leadership for projects such as (a) common interpretation services, (b) common procurement of headquarters supplies, (c) information and communication technologies (ICT) services, (d) staff counselling, housing and language training and (e) common visitors service.

3. It is noted that the Vienna International Centre has a history of experience with common services, some of which have been discontinued as they did not prove to be cost-effective. The issues raised and recommendations made by JIU were considered in depth by the Consultative Committee on Common Services (CCCS) in which the Heads of Administration of the Vienna International Centre-based organizations meet to discuss matters of common concern. The Committee remains committed to ensuring not only that common services realize economies of scale but that through them high-quality services are rendered efficiently.

II. Specific comments on recommendations

Recommendation 1: The legislative organs of the Vienna-based organizations should request their respective Executive Heads to jointly draw up proposals for the establishment of a single common services administrative unit under the management of the United Nations Office at Vienna, to be implemented no later than the 2006-2007 budget cycle.

4. The Consultative Committee on Common Services does not consider it desirable to establish a single common services administrative unit under the management of the United Nations Office at Vienna. However, the Committee as well as the United Nations Office at Vienna will continue to review all common services arrangements with a view to improving administrative efficiency.

Recommendation 2: The legislative organs should request the Executive Heads of the United Nations Office at Vienna, UNIDO, IAEA and CTBTO to establish a joint management advisory committee for (a) the Joint Medical Service and (b) the Security and Safety Service, with clear terms of reference and rules, as is the case for the other common services at the Vienna International Centre, and the Memorandum of Understanding should be revised accordingly.

5. The Consultative Committee on Common Services concluded that establishing a formal management advisory committee regarding security and safety questions would merely add a bureaucratic layer without concrete advantages. It considers the present system of ad hoc consultations to be sufficient and effective. In view of its special requirements, IAEA does see a need to be briefed on and participate in reviewing security policies to build on the increased interaction between the Agency and the United Nations Security and Safety Section, particularly in planning for and discussing additional security measures and evacuation operations. In regard to the Joint Medical Service, the Committee is of the opinion that the existing arrangement, that is to say, frequent informal meetings and consultations between the heads of personnel of the Vienna International Centre-based organizations and the Director of the Joint Medical Service, is working satisfactorily.

Recommendations 3 and 4: Recommendation 3: The legislative organs of the Vienna-based organizations should decide whether or not (a) the Catering Service and (b) the Commissary should receive subsidies in respect of utilities and/or buildings services, and if so, they should specify which ones. The Memorandum of Understanding and the respective Rules should be revised accordingly. Recommendation 4: The Director-General of UNIDO should conduct an internal audit of the performance of the current catering contract and make the findings available to the Executive Heads of the United Nations Office at Vienna, IAEA and CTBTO, as well as to members of the Catering Advisory Committee and the Consultative Committee on Common Services.

6. Recommendations 3 and 4 address related issues. While there is no doubt that the Commissary should be self-financing, subsidies for the Vienna International Centre Catering Services, which were heavy in the past, are being reviewed with the goal of finding the right balance between the interests of the organizations and those of the staff.

Recommendation 5: The Executive Heads, through the Consultative Committee on Common Services, should request the Joint Committee on Common Printing Services to put forward proposals for a common printing service encompassing all the printing requirements of the Vienna-based organizations, and agreement should be reached on implementation as soon as possible.

7. This recommendation is generally acceptable. While all the Vienna International Centre-based organizations are generally satisfied with the existing arrangement for printing, it is recognized that technological change and the need to

stay competitive with the commercial printing sector require the modernization of equipment used as well as a review of the cost-sharing arrangements.

Recommendation 6: The Board of Governors of IAEA should request the Director-General to consult with the Executive Heads of the United Nations Office at Vienna and, as appropriate, UNIDO and CTBTO, and jointly draw up proposals for a fully unified conference service facility at the Vienna duty station, to be managed by the United Nations, and to be implemented no later than the 2006-2007 budget cycle.

8. While this recommendation is addressed to the Board of Governors of IAEA, it is the opinion of the Secretary-General that the current arrangements should strike an optimal balance between common services centrally provided and customized supplementary arrangements of IAEA.

Recommendation 7: The legislative organs of the Vienna-based organizations should request their respective Executive Heads to undertake a joint review of the costs of running parallel language training services at the Vienna International Centre with the objective of identifying the most cost-effective modalities for future provision.

9. The recommendation addressed to the Vienna-based organizations is generally acceptable. A review of the cost of running parallel language training services together with the long-standing issue of teachers' status (staff versus freelance teachers) will be undertaken and remedial action taken wherever warranted.

Recommendation 8: The legislative organs of the Vienna-based organizations should request their respective Executive Heads to make renewed efforts to expand common services provision at the Vienna International Centre. Joint working groups should be set up under the auspices of the Consultative Committee on Common Services in the following areas:

(a) Procurement, especially for headquarters supplies and equipment;

(b) Information and communication technologies;

(c) Human resources management, including but not limited to recruitment, medical insurance, staff counselling and housing services;

(d) Financial services, with an initial focus on Treasury operations;

(e) Public information services.

The joint working groups should present proposals to the Consultative Committee on Common Services by the end of 2004 at the latest, and the Executive Heads should present a progress report to their respective legislative organs at the sessions in 2005.

10. All organizations acknowledge that there are economies of scale in common housing services and common procurement of standard items such as office supplies. The procurement of large volumes could result in higher weight and lower

prices (for example, for ICT hardware and software standard items), even though it is recognized that this arrangement might not always be justified in cases of highly technical equipment owing to differences in the requirements of the Vienna-based organizations. It is also noted, however, that past experience with joint procurement of photocopying paper did not generate added value nor did it result in a reduction in prices. Renewed efforts are required to assess the benefits of joint procurement in regard to supplies and equipment, in order to ensure added value and a pricing advantage. In this regard, results of common procurement initiatives undertaken by Geneva and New York offices and arrangements following principles established by the Inter-Agency Procurement Working Group will need to be carefully examined.

11. The benefits of liaising with other treasury operations in respect of achieving better banking conditions and creating a common treasury are generally acknowledged although there are considerable practical obstacles. Such practical obstacles acccount for the fact that the Vienna-based organizations do not have a common platform for disbursements (for example only the United Nations Office at Vienna/United Nations Office on Drugs and Crime is Integrated Management Information System (IMIS)-based). Acknowledging a possible gain through common service arrangements in the area of information and technology, the Vienna-based organizations believe that there is a need to carefully study this issue.

Recommendation 9: The legislative organs of the Vienna-based organizations should request their respective Executive Heads to monitor the costs of maintaining separate library services for the bienniums 2002-2003 and 2004-2005, and to prepare a joint report for the sessions in 2006 setting out the trends in the cost levels as well as duplication of services offered.

12. In accordance with General Assembly resolution 57/300 of 20 December 2002, the issue of library services at the United Nations is currently under review. That review will, inter alia, address the financial aspects of library services at the United Nations Office at Vienna, including maintaining separate library services and expanding delivery of electronic information without neglecting the print collections of United Nations documents, books, serials and government documents required by its users. However, some organizations within the United Nations system are of the view that since the library field is changing rapidly, there may no longer be a need for a physical library facility at any one location.

Recommendation 10: The legislative organs should request the Executive Heads of the United Nations Office at Vienna, UNIDO, IAEA and CTBTO to jointly review the cost-sharing formulae, under the auspices of the Consultative Committee on Common Services, with the objective of incorporating the costs of administrative support for each common service. Within the context of this exercise, the present cost-sharing methodologies of the Security and Safety Service and the Interpretation Service should be reviewed and modified as appropriate so as to more accurately reflect the costs of these services.

13. Both IAEA and UNIDO are satisfied with the cost-sharing methodologies that have been in place since 1996, which were recommended by an independent consultant. Another review of the system would require additional expenditure on

consultancy services which may not warrant the time spent on the matter. In the absence of complaints from the entities affected or signs of breakdown under the current methodology, these entities do not support the need to review the cost-sharing formulae.

14. However, the United Nations Office at Vienna does support reviewing the costs of administrative support with regard to the reimbursements for interpretation services. A balance must be struck between, on the one hand, lowest-cost provision of services with accurately detailed accounting yet no compensation for the onerous administrative work involved and, on the other, an administratively less onerous system based on, say, annualized notional costs.

Recommendation 11: Whether or not the Vienna-based organizations decide to move to a single common services administrative unit in line with recommendation 1 above, the 1977 Memorandum of Understanding should be renegotiated to reflect current realities. The rules of each common service should then be revised as necessary to ensure consistency with the Memorandum of Understanding.

15. This recommendation will be acted upon.

Recommendation 12: To improve the effectiveness of the oversight role of the Member States in respect of common services at Vienna in the event that the current system of allocated administration is retained:

(a) The Industrial Development Board of UNIDO should include common and joint services as an agenda item every two years and require the Director-General to report in a comprehensive manner on the organization's activities as both a common and joint services provider and a common and joint services user.

(b) The Board of Governors of IAEA should include common and joint services as an agenda item every two years and require the Director General to report in a comprehensive manner on the organization's activities as both a common and joint services provider and a common and joint services user.

16. This recommendation has been taken note of and will be taken into consideration by both UNIDO and IAEA. The latter has recently adopted the results-based management approach and thus common services have been discussed, as appropriate, in various Agency programme and budget deliberations and committee meetings.